

## **3 FAM 3820 STUDENT LOAN REPAYMENT PROGRAM (SLRP)**

*(CT:PER-553; 06-23-2005)  
(Office of Origin: HR/ER/WLP)*

### **3 FAM 3821 AUTHORITY**

*(CT:PER-553; 06-23-2005)  
(State only)  
(Applies to Foreign Service and Civil Service)*

- a. The authority for the SLRP is found in:
  - (1) CFR Part 537; and
  - (2) 5 U.S.C. 5379.
- b. The definitions for terms used in this subchapter are based on OPM regulations and procedures issued to implement the program.

### **3 FAM 3822 PURPOSE**

*(CT:PER-553; 06-23-2005)  
(State only)  
(Applies to Foreign Service and Civil Service)*

The SLRP is a recruitment and retention tool used by the Department to attract and retain Civil Service and Foreign Service employees applying for or encumbering specific positions. The program assists employees with payments on student loan debt taken out by them to support courses of study already completed. Payments are made directly to employee lenders or loan servicing organizations.

### **3 FAM 3823 SCOPE AND ELIGIBILITY CRITERIA**

*(CT:PER-553; 06-23-2005)  
(State only)  
(Applies to Foreign Service and Civil Service employees)*

In order to qualify, employees in career-type positions must encumber

specific pre-qualifying positions, have outstanding loans authorized by Title IV of the Higher Education Act of 1965 and Title VII of the Public Health Service Act (see 3 FAM 3823.3), and have no conduct or performance issues that would otherwise preclude them from eligibility (see 3 FAM 3825.2).

Specific positions and criteria considered in defining pre-qualifying positions or posts are set forth in SLRP Policy and Procedures. Appendices A, D and E identify positions and criteria for eligibility for Civil Service and Appendices B and C identify specific criteria considered for those willing to serve at danger pay and designated greater hardship (15% differential or above) posts for Foreign Service employees and Civil Service employees serving on excursion tours.

### **3 FAM 3823.1 What Constitutes a Pre-qualifying Position for Civil Service Employees?**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Civil Service employees only)*

Employees should refer to SLRP and Procedures, Appendices A and E for guidance. The occupational series and occupations in specific organization codes at Appendix A are pre-qualifying Civil Service (CS) positions. Each of these series is subject to annual review to determine if eligibility criteria still apply. The factors are listed at Appendix E. Additionally, ten of these series are subject to additional qualifying criteria requirements. These additional requirements must be met in order for the position to be considered "pre-qualifying" for purposes of the SLRP.

### **3 FAM 3823.2 What Constitutes a Pre-qualifying Position for Foreign Service Employees?**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service employees only)*

Employees should refer to SLRP and Procedures, Appendices B and C for guidance. Appendix B provides the criteria considered when determining Foreign Service post eligibility. Appendix C lists all posts eligible as of the date of release. However, posts may be added or eliminated from this list as changes in differential rates and danger pay eligibility become effective.

There are no pre-qualifying domestic positions for Foreign Service employees. Employees serving at posts that lose pre-qualifying status should review the definition of "position" at Appendix F in order to determine if eligibility would continue.

Employees can only qualify by virtue of designated overseas postings when

they have actually arrived at their posts of assignment. A notice of assignment or travel orders does not render the post or the employee eligible. It is also required for purposes of eligibility that arrival occur no later than the last day of the announced annual open season application period.

### **3 FAM 3823.3 Loans that qualify for repayment**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service employee)*

- a. The repayment authority is limited to student loans authorized by Title IV of the Higher Education Act of 1965 and Title VII of the Public Health Service Act. These are federally insured loans made by educational institutions, or banks and/or other private lenders. The Higher Education Act covers the following guaranteed student loan programs:
  - Stafford Loans (Subsidized and Unsubsidized)
  - Supplemental Loans
  - Plus Loans
  - Federal Consolidation Loans
  - Defense Loans (made before July 1, 1972)
  - National Direct Student Loans (made between 7/1/72 and 7/1/87)
  - William D. Ford Direct Student Loans
  - Perkins Loans
- b. The Public Health Service Act covers the following guaranteed student loan programs:
  - The Nursing Student Loan Program
  - The Health Profession Student Loan Program
  - The Health Education Assistance Loan Program

### **3 FAM 3823.3-1 Limitations on Loan Repayment Amounts**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service employee)*

Legislative authority exists for the Department to repay up to a maximum of \$10,000 per employee per calendar year or up to a lifetime maximum of \$60,000. The Department may determine that no incentive, or less than the annual maximum, will be paid in any year. That determination will be based

on funding resources, hiring and/or retention needs.

### **3 FAM 3823.3-2 Additional Loan Eligibility, Responsibility and Processing Requirements**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service employee)*

- a. Qualifying loans (see 3 FAM 3823.3) must:
  - (1) Be in the name of the employee;
  - (2) Have been used to support an employee's completed course of study;
  - (3) Be current and not in default status;
  - (4) Still be outstanding; and
  - (5) Be subject to other requirements as announced before the annual "open season" application period(s) and as detailed in program Policy and Procedures.
- b. Repayments can only be made on behalf of the employee to the educational or lending institution, or to the loan servicing organization. Repayments are not authorized for reimbursement directly to the employee.
- c. Repayments are subject to normal withholdings to include federal and state taxes, OASDI and Medicare. Withholdings will be deducted or applied at the time any loan repayment is made. Form, W-2 will reflect the amount of any loan repayment made and all deductions withheld. See 3 FAH 3823 for further clarification.
- d. Loans and outstanding loan balances remain the responsibility of the employee. The Department is not responsible for late fees assessed by the educational or lending institutions.

### **3 FAM 3824 SERVICE COMMITMENT**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service employees)*

The law governing the SLRP requires that employees, for whom the Department makes repayments, must agree to work for the Department for a period of three years in order to benefit from the program. Department policy allows employees to receive two consecutive years of payments without an extension of the three-year commitment. However, in order to

receive a third (usually consecutive) year of benefits, the employee must agree and sign a Service Agreement to continue employment with the Department for one additional year. In most instances, employees who continue to qualify each year will have a service commitment of one year longer than the number of years they benefit from the repayments. See 3 FAH-1 3824.1 for further clarification.

The Department considers Agreements executed after the initial three-year agreement as separate service commitment periods for purposes of reimbursement.

### **3 FAM 3824.1 Service Agreement**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service employees)*

- a. Form DS-4039, Service Agreement, is required as a part of the program's application package. The Service Agreement must be executed by employees subject to either: a three (3) year commitment of employment with the Department in the case of a first-time applicant; or a one-year commitment of employment with the Department in the case of an employee qualifying for more than two consecutive years.
- b. The effective service agreement date will be the last day of the "open season" application period in which the employee qualifies and for three years hence for first-time applicants, and one year hence for applicants who have already received benefits for two or more consecutive years. See 3 FAH-1 3824.
- c. In addition to the three-year or additional one-year employment commitments, in executing the terms of the Agreement employees agree:
  - That the Department may verify the status or other details of an employee's loan
  - To notify the Department of any transfer to a new position
  - To notify the Department of any intention to voluntarily resign or retire, or be in leave without pay status (LWOP) while subject to the service commitment
  - To repay the Department the full amount of any student loan repayment incentive received if leaving the Department while the service commitment is in effect
  - That they continue to be responsible for the loan obligation, for making payments toward that obligation, and for any income tax obligation resulting from the student loan repayments made by the Department

- That the Department is not responsible for late fees assessed by the lender
- That the lifetime maximum of payments made by the Department will not exceed \$60,000

### **3 FAM 3824.2 Non-Compliance with terms of Service Agreement**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service employees)*

Employees who voluntarily resign or retire from the Department, or are involuntarily separated because of misconduct or poor performance before completing the agreed upon period of service, are required to repay funds obligated on their behalf. The Department considers Service Agreements executed after the initial three-year agreement as separate service commitment periods for purposes of repayment.

#### **3 FAM 3824.2-1 Waiver of Repayment Authority**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service employees)*

The Director General has the authority to waive recovery of any outstanding loan repayment amounts when an employee does not complete the period of service commitment. See 3 FAH 3824.4-1

### **3 FAM 3825 INELIGIBILITY**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service Employees)*

Department employees who meet the specific post or position-based eligibility will be ineligible to qualify if they encumber non-career type appointments, are subject to specific performance and conduct conditions, or are in leave without pay status at time of application.

#### **3 FAM 3825.1 Non-Career Type Appointments**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service employees)*

Employees in the following non-career type appointments cannot qualify:

- (1) Temporary, non-career type appointments (i.e. employees serving on Agency-unique Schedule B appointments whose terms are legislatively limited to no more than four years);
- (2) Political appointees, including Schedule C employees;
- (3) Those servicing on detail from other agencies; and
- (4) Eligible Family Members serving on Family Member Appointments.

### **3 FAM 3825.2 Impact of Performance and Conduct Issues on Eligibility**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service)*

Employees, otherwise qualified, will not be eligible to participate if any of the following conditions exist:

- (1) A Civil Service employee who has received less than a “fully successful” rating on the most recent performance evaluation report;
- (2) A Foreign Service employee who within the past two years has been referred to the Performance Standards Board directly, not as a result of the automatic referral of two low rankings in five years;
- (3) A Civil Service employee who has been issued a decision by letter sustaining disciplinary action for a suspension of greater than 5 calendar days within the preceding consecutive two (2) years. The employee will not be eligible to receive loan repayments until two years after the end of the suspension of more than 5 calendar days;
- (4) A Foreign Service employee who has been issued a decision sustaining disciplinary action for a suspension of greater than 5 working days within the preceding consecutive two (2) years. The employee will not be eligible to receive loan repayments until two years after the end of the suspension of more than 5 working days; and
- (5) Employees under a “Last Chance Agreement” or a “Statement of Understanding” are rendered ineligible during the enforcement period.

### **3 FAM 3825.3 Leave without Pay Status (LWOP)**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service)*

Employees will not be eligible to apply when in leave without pay (LWOP) status, even if otherwise qualified. See 3 FAH 3824.2

## **3 FAM 3826 THE APPLICATION PROCESS**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service)*

Eligible employees must apply or re-apply every year in order to be considered. Renewal in the program is not automatic. The Department will offer either one, two or three announced annual "open season" application periods during each fiscal year. Applications will only be accepted and reviewed during those designated periods. Please refer to 3 FAH 3821.2 for details concerning how to apply and what forms and supporting documentation are required.

## **3 FAM 3827 INCENTIVE REPAYMENT DETAILS**

*(CT:PER-553; 06-23-2005)*

*(State only)*

*(Applies to Foreign Service and Civil Service)*

The incentive is paid in one annual lump sum directly to the employee's lender or lenders. The amount of the annual repayment is dependent upon funding availability and the projected number of qualified employees. It is also subject to legislative limits. See 3 FAM 3823.3-1. All employees who qualify in any fiscal year will be entitled to the same lump sum payment amount unless the amount of the incentive exceeds an employee's outstanding loan balance, or composite loan balance. If the outstanding loan balance is equal to or less than the amount of the announced lump sum payment the Department will consider the loan to be "paid off" for purposes of this program. Since as discussed in 3 FAM 3823-3.2, the lump sum is subject to withholdings, any residual balances owing will be the responsibility of the employee and will not be eligible for repayment in future years.

## **3 FAM 3828 THROUGH 3839 UNASSIGNED**